

# Virginia Health Reform Initiative: Meeting of the Advisory Council

May 26, 2011



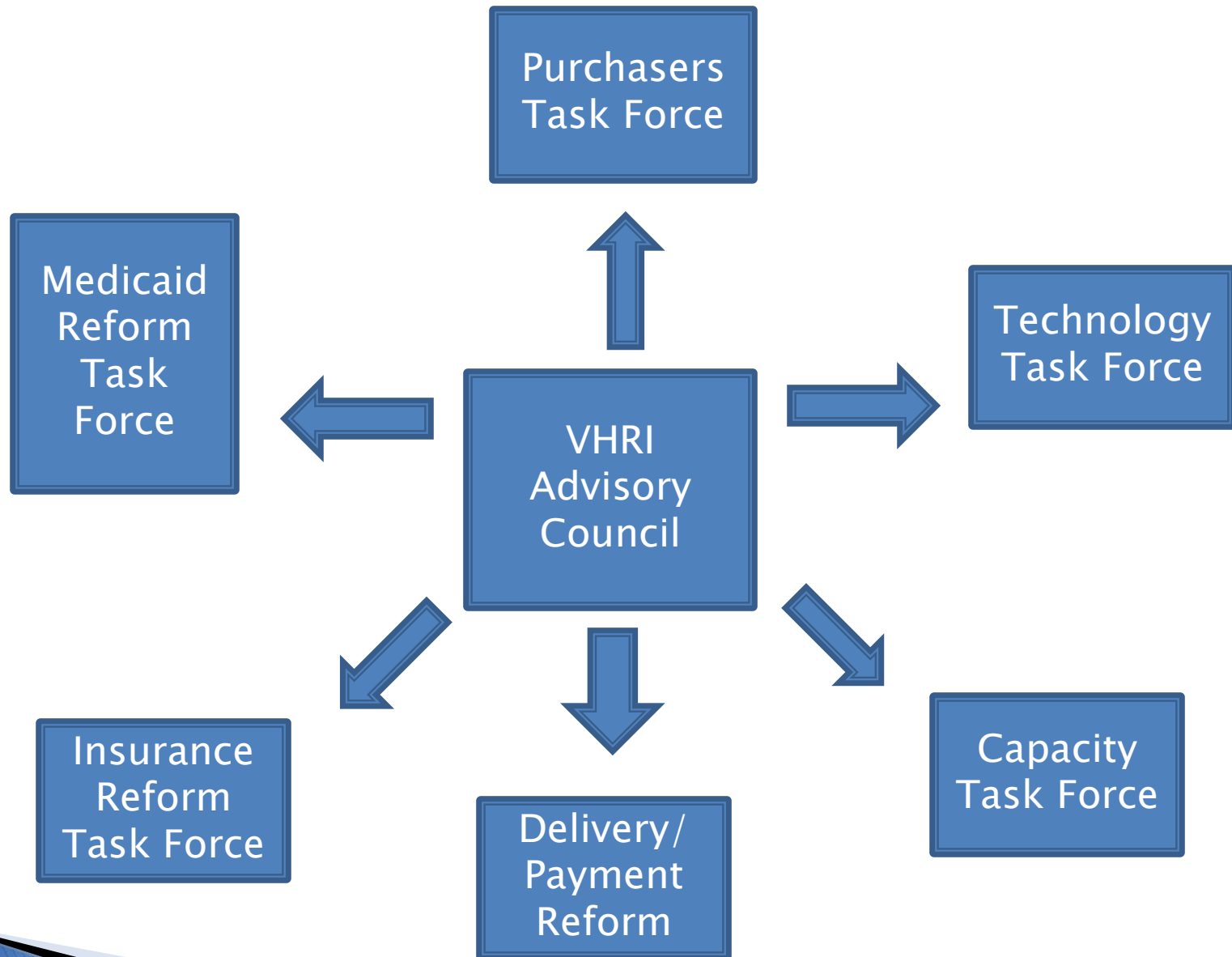
# Welcome and Introductions

Dr. Bill Hazel

Secretary of Health and Human Resources

# Update on VHRI Activities and Overview of Health Benefit Exchange and Our Process

Cindi B. Jones, Director  
Virginia Health Reform Initiative



# Work Continues on Advisory Council Recommendations by Task Forces

## Service Delivery and Payment Reform

- ▶ Continue creation of a private, non-profit Innovation Center to promote and spread best practices in service delivery and payment reform

## Technology

- ▶ Completed Broadband survey of health care providers
- ▶ Continue Health Information Technology efforts, including examining the potential for HIT and behavioral health
- ▶ Continue the expansion of telemedicine
- ▶ Continue work on the electronic gateway to our health and human services, which lays the groundwork for the eligibility/enrollment requirements of the Health Benefit Exchange

# Work Continues on Advisory Council Recommendations by Task Forces

## Capacity

- ▶ At their meeting in May, the Board of Health Professions recommended a research project to identify barriers to safe healthcare access and effective team practice.
- ▶ Other professional groups are meeting to discuss similar issues.

## Medicaid

- ▶ Continue to expand Medicaid funded care coordination models as laid out in Budget language 297.1, MMMM
- ▶ Continue to implement and plan for changes to the Medicaid program as the result of federal health care reform.
- ▶ Work with other State Leaders and Congress on Potential Changes to the Current and Future Medicaid program

# Work Continues on Advisory Council Recommendations by Task Forces

## Purchaser

- ▶ Conduct focus groups and a survey to gain employers' perspective on the Exchange and health care reform in general.
- ▶ Virginia Health Care conference on June 9th, which is sponsored by the Virginia Chamber of Commerce.

## Insurance Reform

- ▶ Bureau of Insurance develops regulations to implement the insurance market legislation (HB 1958).
- ▶ Plan for Health Benefit Exchange (HB 2434).



# What is a Health Benefit Exchange?

A Health Benefit Exchange (HBE) is the new marketplace for small group and individual insurance that Virginia is developing a plan for and it is also required by the Patient Protection and Affordable Care Act (PPACA).

The intent of the HBE is to:

- improve small group and non-group insurance market performance through transparency;
- provide consumer education about various insurance choices; and,
- provide assistance with eligibility determinations for Medicaid, premium assistance tax credits and cost-sharing reductions.



# What Are the Duties of the Exchange under PPACA?

- **American Health Benefits Exchange (Individual) and Small Business Health Options Program (SHOP) Exchange**
- **Qualified Health Plans/Insurance Markets**
  - ☐ Certification/Decertification/Recertification
  - ☐ Establish enrollment periods
  - ☐ Track premiums in and out of the exchange
- **Consumer Information and Assistance**
  - ☐ Toll-free Hotline/Call Center
  - ☐ Interactive Website/Standardized format for benefit options
  - ☐ Qualified Health Plans rating information
  - ☐ Electronic calculator
  - ☐ Navigators

# What Are the Duties of the Exchange under PPACA?

- ▶ **Eligibility Determination and Enrollment**
  - ❑ Medicaid/CHIP & Other Public Programs
  - ❑ Tax credits and cost-sharing arrangement subsidies
  - ❑ Facilitate purchase and sale of qualified health plans
- ▶ **Individual Responsibility Exemption Process**
- ▶ **Stakeholder Engagement Process**

# What Are the Duties of the Exchange under PPACA?

## ► Interface with Federal Agencies

- ☐ Information necessary for enrollees to receive tax credits/other subsidies (including employees without offer or without an affordable plan)
- ☐ Who is exempt from individual responsibility requirement
- ☐ Employees who have reported a change in employer
- ☐ Individuals who have ended coverage during the plan year (if an employee, exchange must also notify employer)

# The Charge: VHRI Recommended a Virginia Health Benefit Exchange

*Virginia should create and operate its own health benefits exchange to preserve and enhance competition. We suggest the Governor and legislature work together to create a process to work through the various issues in detail, with broad stakeholder input, in time for implementation to satisfy the timing requirements of the federal law*

# VHRI Principles for an Exchange

- 1. Provide employers with an opportunity to be successful financially while providing health insurance to their workers*
- 2. Provide a marketplace that works well for those without insurance today*
- 3. Provide a marketplace that facilitates the transformation of the delivery system to produce more value per dollar spent, by focusing on quality and transparency*
- 4. Transparency in all things should promote choice, stability and innovation*
- 5. The HBE must address the cost of health care and the competitive disadvantage that small firms and ultimately all United States firms labor under now. We should not miss an opportunity to explore how the HBE can help on the cost front.*

# VHRI Principles for an Exchange

- 6. The HBE should help educate employees and employers through a user-friendly website*
- 7. Individuals and employees should be engaged in their own care as well as in regular wellness and prevention activities*
- 8. A goal of the exchange should be to maximize choice, innovation, the number of competing qualified health plans and effective competition with transparency regarding cost and quality in driving consumer decision making.*
- 9. Long term care insurance should be included in the exchange.*
- 10. Above all: remember to keep it simple, so that employers and average citizens can understand how to use and benefit from the HBE marketplace.*

# 2011 General Assembly States its Intent to Create and Operate a Virginia Health Benefit Exchange

- ▶ House Bill 2434 directs the Secretary of Health and Human Resources and the State Corporation Commission's Bureau of Insurance, to work with the General Assembly, relevant experts, and general stakeholders to provide recommendations by October 1, 2011, for consideration by the 2012 General Assembly regarding the structure and governance of the Health Benefit Exchange.
- ▶ Requires, at a minimum, that it meet the relevant requirements of the PPACA



# Questions We Need to Answer On Health Benefit Exchange

Based on the HB 2434 legislation, the recommendations should address at a minimum:

1. Whether to create the Exchange within an existing governmental agency, as a new governmental agency, or as a not-for-profit private entity;
2. The make-up of the governing board for the Exchange;
3. An analysis of resource needs and sustainability of such resources for the Exchange;
4. A delineation of specific functions to be conducted by the Exchange; and
5. An analysis of the potential effects of the interactions between the Virginia Exchange and relevant insurance markets or health programs, including Medicaid

# What Other States Are Doing

- ▶ **Health Exchange Planning Grants**
  - 49 states received grants; some states are ceasing activities (including, Florida, Louisiana, New Hampshire)
- ▶ **Early Innovator Grants for HBE**
  - 7 States received (Kansas, Massachusetts for Connecticut, Maine, Rhode Island and Vermont, Maryland, New York, Wisconsin, Oklahoma, and Oregon; Oklahoma has returned its grant)
- ▶ **Legislation**
  - Exchange established by law :
    - Pre-PPACA, operating state exchange now: UT, MA
    - Post PPACA: CA, MD, WV, CO
  - No legislation introduced: DE, FL, LA, ME, MI, NY, OH, SD, TN, WI
  - Dead for 2011: AK, AR, AZ, GA, MS, NM
  - Implementation analysis/Plan Required: VA, WY

# Virginia's Process for Planning

- **Three meetings of the full Advisory Council (Task Force Members provide input)**
  - May 26, 2011
  - July 15, 2011
  - September 9, 2011 (may need a fourth meeting in September)
- ▶ **Public Comment:**
  - Written public comment on three memorandums on governance and other HBE topics
    - 39 different comments on the first memo (April 15) on governance structure which represented constituents; advocates; underwriters, independent agents, and health plans; health care organizations, associations, and systems; and business, information technology, and general consultant
  - Oral public comments at meetings

# Decisions Virginia Must Make for a Health Benefit Exchange

- Should Virginia create and operate a state Health Benefit Exchange (HBE), or default to a federally run HBE?
- Will the Virginia HBE be located within an existing state agency, a new state agency, or a new non-profit entity?
- How should Virginia seek to build capacity within the Virginia HBE so that it can remain compliant with federal performance requirements while ensuring that over time Virginia maintains autonomy from the federal government?
- Should the Virginia HBE be statewide, multi-state, or a set of geographically contiguous sub-state exchanges?

# Decisions Virginia Must Make for a Health Benefit Exchange

- ▶ How small is a “small group?”
- ▶ Should Virginia require more benefits than the “essential benefits package” (EBP)?
- ▶ Should Virginia make all market rules that will be adopted inside the HBE also applicable to the parallel markets (individual and small group) outside the HBE?
- ▶ Which risk adjustment, reinsurance, and risk corridor methods should Virginia adopt?

# Decisions Virginia Must Make for a Health Benefit Exchange

- ▶ Should the state incorporate a Virginia-specific version of the “basic health plan” option as a type of “bridge” insurance product for families with incomes that hover but fluctuate near the income dividing line between being eligible for Medicaid and eligible for premium and cost-sharing subsidies inside the HBE?
- ▶ Should Virginia encourage or require the HBE to be more of an active purchaser or an open market facilitator?

# Background Work Being Conducted to Inform Our Decisions

- ▶ **Conduct analysis of health insurance markets**
  - By purchaser size and income level
  - By size of enrollment, geographic coverage area and domicile
  - By the change in premiums that may be expected
  - Model risk pooling options (individual and small group combined or separate)
  - Model likely size of HBE by group size and income level
  - Assess options for minimizing adverse selection among health plans and between the HBE and external market
  - Assess the role of agents/brokers in the HBE, including compensation models and areas of potential cost savings



# Background Work Being Conducted to Inform Our Decisions

- ▶ **Conduct analysis of health insurance markets**
  - Develop a staffing model for the HBE
  - Identify options for ongoing financing of the HBE, including funding models
  - Assess the effect of implementing a Basic Benefit Plan
- ▶ **Individual Market**
  - Identify the uninsured population, those enrolled in non-group or limited benefit plans, those covered by small employers plans and the underinsured, those in expanded Medicaid population
  - Develop model simulations based upon potential policy decisions

# Background Work Being Conducted to Inform Our Decisions

## ▶ Employers

- Conduct focus groups and survey of employers to gain their input to the HBE, health reform in general and wellness programs

# Timeline for Exchange

- ▶ **September 2010**

- Virginia receives a one year planning grant for strategic planning for development of an Exchange

- ▶ **April 2011**

- HB 2434 sets intent of the General Assembly to create and operate a health benefit exchange

- ▶ **October 2011**

- Recommendations on Exchange will be presented to Governor and General Assembly for consideration during the 2012 Session of the General Assembly

# Timeline for Exchange (continued)

- ▶ **January 2013**
  - HHS approves that Virginia is willing and able to implement a grant by January 2014 (fallback is federal exchange)
- ▶ **January 1, 2014**
  - Exchange must be operational
- ▶ **2015**
  - Exchange must be self-funded
- ▶ **2017**
  - Virginia option: Exchange can choose to add large employers

# Panel Discussion: Governance Decisions in Virginia

Len Nichols, PhD, Facilitator

- Existing/New Governmental Agency: Jackie Cunningham, Commissioner, Bureau of Insurance
- Quasi–Public Entity: Judson McKellar, Chief Counsel, Virginia Housing Development Authority
- Not–for–Profit Entity: Dr. Sally Cook, Chief Medical Officer, Virginia Health Quality Center

# Break/Get Lunches

Public Comment Period (first 10 people who sign up, 2 minutes each)

# Advisory Council Preliminary Decision Making on Key Governance Issues

Dr. Bill Hazel  
Secretary of Health and Human Resources



# Where Should the Governance Structure of the Exchange Be Located?

1. Existing State Agency, such as DMAS or the State Corporation Commission
2. New State Agency that could report to the Governor, Secretary of Health and Human Services, or other Secretary
3. Quasi Public Entity, similar to VHDA
4. Not for profit private entity, similar to VHQC
5. Other option?

# Should there be a Governing Board and/or Advisory Committee?

- Governing Board?
- Advisory Committee?
- Other Options?

# Who Should Have the Authority to Appoint Members to the Board/Advisory Committee?

- ▶ Governor and How Many?
- ▶ General Assembly and How Many?
- ▶ Others and How Many?

# What should be the size of the Board/Advisory Committee?

- ▶ Up to 10
- ▶ 11–15
- ▶ 16 or more

# What should be the Composition of the Board/Advisory Committee?

- ▶ State officials with expertise in Medicaid,
- ▶ State officials with expertise in Insurance,
- ▶ Secretaries of Health and Human Services, Finance, Commerce
- ▶ Individuals with commercial health insurance experience,
- ▶ Consumer representatives,
- ▶ Employer representatives,
- ▶ Health service provider representatives,
- ▶ Individuals or organizations with experience in individual and/or small group markets,
- ▶ Insurance agents and brokers; and,
- ▶ Individuals with certain areas of expertise, such as health economics or actuarial science

# What should be the Composition of the Board/Advisory Committee?

- ▶ Additional ideas from public comments
  - Expertise in maternal and child health, oral health, or chronically ill populations
  - Representative of Virginia's diverse population
  - Consumers that represent the needs of under-served
  - Board should be subject to conflict of interest provisions
  - Create issue specific work groups
  - Include representatives from different regions of the state, including rural and urban

# Who Should Hire the Executive Director for the Exchange?

- ▶ Governor
- ▶ Legislature
- ▶ Board
- ▶ Other options



# Should the Governing Body of the Exchange Be Given Administrative Flexibility?

- ▶ Hiring
- ▶ Compensation
- ▶ Procurement
- ▶ Transparency/Open Government
  - Administrative Process Act
  - Freedom of Information Act

# Next Steps

- ▶ The July 15th meeting
  - Topics for Memorandum/Written Public Comments
  - Presentations
- ▶ The September 9<sup>th</sup> meeting
  - Topics for Memorandum/Written Public Comments
  - Presentations

# Questions?

Information on the Virginia Health Reform Initiative's health benefit exchange meetings, other activities and reports can be found at:

<http://www.hhr.virginia.gov/Initiatives/HealthReform/>

Next Advisory Council Meetings:

July 15, 2011

September 9, 2011